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news

ACG FOCUSES ON SOCHI

The recent (July 4th, 2007) designation of the Russian city of Sochi as the hosting location for the 2014 Winter Olympic Games has drawn the attention of not only ACG, but also of numerous international investors to the city. As a truly global firm with a presence in the United States, Russia, and Ukraine, ACG now also has a permanent representative based in Sochi to assist global clients interested in the region.

ACG’s “Sochi Program” is catering to a number of different industries that would want to take advantage of the business boom taking place as a result of the upcoming Olympics. Several economic sectors are expected to grow

exponentially in the next few years, including construction and real estate, retail, high-tech and telecommunication, tourism and hospitality. With its highly professional staff and a permanent presence in the city, ACG is best positioned to assist Western clients with establishing a local market presence in this promising market.

A website solely dedicated to the Sochi Program is currently being developed by ACG and will soon be available at www.sochibiz.com. This site will contain the most up to date information about business opportunities, trends, and interesting projects taking place in the area.

“EXPANDING YOUR BUSINESS GLOBALLY” ACG PRESENTS AT OTBC

In September 2007, Mr. Silvio Pitter, Associate Consultant with Aginsky Consulting Group, gave a presentation entitled “Expanding Your Business Globally” at Oregon’s Technology Business Incubator (OTBC). OTBC is a non-profit corporation that helps startup companies succeed by providing various professional services that help them develop through their initial lifecycle stages and become strong competitors in the market.

The presentation provided a number of reasons that businesses should consider for going global and the many benefits they can obtain by doing so. Aside from developing new sales channels and taking advantage of global labor arbitrage opportunities, the presentation showed how competing in international markets can often be the best way for companies to grow.

The amount of options a business owner faces in developing his or her company has expanded exponentially due to global

opportunities offered by emerging economies. Based on each company’s capabilities, going global is not just an option but should be considered as the key for continuous success and expansion.

Mr. Silvio Pitter is an Associate at ACG where he specializes in strategic market entry and global business development for clients interested in the emerging markets of Eastern Europe and the former Soviet Union. Silvio’s successful career includes business analyst positions with prestigious organizations such as the European Union, the Italian Ministry of Foreign Trade, and the Nixon Center. Silvio holds a Bachelor’s degree in International Affairs from the University of Trieste and a M.A. in European and Russian Studies from the Yale Graduate School of Arts and Sciences. Before receiving his post-graduate degree, he studied at La Sorbonne (Paris, France), the Vienna University of Economics and Business Administration (Vienna, Austria), MGIMO and MGU (Moscow, Russia).

CURRENT PROGRAMS UPDATE

Hotel development program

ACG’s Hotel development program is focused on bringing in mid-tier global hotel chains into Russia and the former Soviet Union. According to Moscow News Weekly, by year 2020, Russia is expected to be among the top 10 most visited countries in the world, attracting 3 percent of the world’s tourist market. ACG will work with international hotel chains to address an underserved niche in the market by establishing moderately priced hotels in the major Russian cities.

Wine market entry program

According to a USDA Foreign Agricultural service report, “Russia is one of the most rapidly growing wine markets in the world.” In 2006 industry experts reported that “[wine] consumption in the Russian federation grew by 37 percent, making it the eighth largest wine market worldwide.” ACG’s wine program has been designed to support wineries from the

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U.S. and Western Europe to take advantage of Russia's rapidly expanding wine market through a variety of unique business solutions.

Luxury goods program

ACG has established a permanent program addressing Russia's booming luxury goods market segment. A recent report published by UBS stated that Russians are the fourth-largest consumers of luxury goods in the world. ACG is currently exploring opportunities with industry leaders in a number of segments, including manufacturers of private helicopters, submarines, automobiles, watches, and yachts, to take advantage of this rapidly growing market. A study by the consulting firm PriceWaterhouseCoopers revealed that there are over 100,000 Russian multimillionaires who have a combined more than \$300 billion of cash on hand, demonstrating the immense size of this market.

Nursing outsourcing project

The shortage of nurses in U.S. hospitals is becoming an issue of dramatic relevance and tragic proportions. The American Hospital Association reported in April 2006 that American hospitals had 118,000 vacancies for registered nurses. The federal government predicted in 2002 that the accelerating shortfall of nurses in the United States would swell to more than 800,000 by 2020.

ACG has designed a specific program to address this need. With an innovative view and an effective management, ACG will be able to provide American hospitals with highly-qualified, bilingual foreign nurses at a below-market cost. The program will be run by ACG's experienced international staff in several different countries in partnership with some of the nation's largest healthcare providers.

Construction equipment promotion

Russia presents many opportunities for companies that manufacture, sell or lease new or refurbished heavy construction equipment. Some analysts indicate that over 50 percent of construction equipment in Russia is outdated and the need for more and reliable equipment is surging. A report published in May by PMR Publications states that the construction and mining machinery market in Russia is going to continue to grow strongly for the next 3-5 years, if not longer. Through its Construction Equipment Promotion program ACG seeks

to enable Western construction equipment companies to take advantage of this growing opportunity by establishing for them a permanent market presence in the region.

Electronic testing equipment

The development of Russia's technology sector has produced a growing demand for all types of electronics equipment in Russia. This growth is being led by Russia's semiconductor, telecommunications, as well as wireless industries and is being further supported by various government initiatives such as the construction of technology parks throughout the country. ACG has identified these and other opportunities in Russia's test and measurement equipment industry and has an ongoing program that helps position companies that manufacture these products to effectively compete in the industry.

Manufactured homes program

Aginsky Consulting Group is collaborating with the Carmen Group on a project seeking to take advantage of the real estate growth and the developing mortgage lending markets in the countries of the former Soviet Union, specifically Russia, Ukraine, and Kazakhstan. Carmen Group, a Washington, D.C. based Federal Lobbying and Government Relations firm is in the process of presenting a housing market research report produced by ACG to

the National Association of Home Builders to encourage manufacturers of pre-fabricated housing to enter the CIS market.

Forestry program

ACG has developed a program that assists North American lumber mill and forestry equipment companies to capture the full potential of Russia's growing forestry market. Russia is home to one quarter of the world's forests and is currently harvesting only around a third of the Government's estimated total technical annual allowable cut, which has been ranging from 500-550 million m³ in recent years. European associations believe that the harvest could be expanded to 250 million m³ within five years if the necessary government and industry changes are implemented. ACG's program will help to position North American forestry equipment manufacturers and timber processing companies in the Russian market, where they will be able to generate above market average returns by taking advantage of the world's most abundant and low cost raw material inputs and an inexpensive labor force, while also helping Russia to modernize its equipment and forest harvesting techniques.

FOR ADDITIONAL INFORMATION REGARDING ANY OF THE ABOVE PROGRAMS OR OPPORTUNITIES PLEASE CALL US AT 877-WITH-ACG OR WRITE TO INFO@AGINSKYCONSULTING.COM

ACG PROVIDES ITS EXPERTISE TO THE U.S. DEPARTMENT OF COMMERCE

Given the current Eurasian economic conditions and a positive American investment climate, today is the best time for American and Eurasian companies to work closer together in order to achieve tremendous benefits for both sides.

- August 2007, "Opening the Door in the East to Western Capital"

In the summer of 2007, the U.S. Department of Commerce division called BISNIS (Business Information Service for Newly Independent States - see their website at www.bisnis.doc.gov) selected our firm as an expert on the topic of capital fundraising in the West for Eurasian companies and approached our firm with a proposal to write an article for their quarterly publication. In our firm's ever growing efforts to encourage international business and support further Eurasian-American business relationships, we gladly accepted that challenge.

The article "Opening the Door in the East to U.S. Capital" addresses more than just the different sources of capital available to Eurasian companies, but it also describes the different types of relationships that Eurasian companies may and should potentially explore with American businesses. Furthermore, the article lists the necessary steps that a company needs to take in order to successfully attract U.S. investment. This article was printed in the September 2007 issue of the BISNIS publication *and is currently available for view in English and Russian on our website. The article was co-authored by the firm's Managing Director, Alexander Aginsky, and Associate, Andrey Arbuzov.*